



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

MARY A. LANNOYE
DIRECTOR

FOR IMMEDIATE RELEASE
August 12, 2003

Contact: Greg Bird
517-373-7560

Governor Granholm Signs Budgets That Improve Roads, Government Efficiency

LANSING – Governor Jennifer M. Granholm signed into law fiscal year 2004 appropriations for the Departments of History, Arts & Libraries, Transportation, and General Government. These budgets, which hold the line on spending, will move Michigan forward and continue to provide the core services citizens expect from state government.

“These budgets provide state government with the means to operate effectively without spending lavishly,” said Granholm. “While we could not fund every program I would like in these budgets, we will move Michigan forward and provide core government functions in an efficient, effective way.”

General Government

Senate Bill 270 funds the fiscal year 2004 budgets for the departments of Attorney General, Civil Rights, Civil Service, Information Technology, Management and Budget, State, Treasury, the Executive Office, and the Legislature. The General Government budget totals \$2.86 billion, \$359.7 of which is general fund.

The legislation provides \$1.4 billion in state revenue sharing to local units of government – a 3 percent reduction from current year spending. The mechanism to distribute these funds is contained in Senate Bill 575. Over 1,800 cities, villages, townships, and counties provide essential local services with these unrestricted revenue sharing payments.

Among other items, this bill:

- provides \$73.3 million for state debt service, which ensures prompt payment of current and new debt service obligations;

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- appropriates an additional \$4.5 million to the Department of State for the replacement of its mainframe computer system with a centralized on-line real time system; and
- provides \$2.1 million to the Attorney General for child support enforcement activities.

History, Arts, and Libraries

Senate Bill 279, which appropriates \$57.1 million, including \$44.8 general fund, will provide the funding necessary to promote and preserve Michigan's history and heritage, arts, culture, and libraries.

Michigan will fund library services at \$27.4 million. These funds will enable librarians throughout the state to offer excellent service to the residents of Michigan and continue support for specialized programs for the blind and physically disabled communities.

Transportation

This legislation will provide fiscal year 2004 support of over \$3.1 billion for the rebuilding, repair, and maintenance of Michigan's transportation infrastructure, as well as key intermodal and public transportation programs.

In an agreement between the Governor and Legislature, 17 of the 34 projects previously announced as deferred by the Michigan Department of Transportation (MDOT) from its five-year road and bridge program are reinstated.

"The bipartisan agreement reached with the Legislature will allow MDOT to proceed as intended with its preservation focus while completing work on critical capacity and economic development projects," said Granholm. "I continue to believe focusing on preserving existing roads and bridges will help relieve congestion and move our economy forward."

Senate Bill 265 also includes:

- nearly \$2.5 billion in road and bridge construction funds to the department and local road agencies in fiscal year 2004 for the preservation, repair, and maintenance of Michigan's transportation network;
- over \$269 million for public transit and intermodal transportation programs in fiscal year 2004, including \$172.6 million for bus operating assistance grants to local transit agencies;

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- up to \$7.1 million for the Amtrak subsidy for the International (Port Huron to Chicago) and Pere Marquette (Grand Rapids to Chicago) lines; and

The Governor vetoed a section of the bill that requires 20 percent of all federal highway bridge replacement and rehabilitation program funds be allocated to the critical bridge fund for the purpose of repairing or replacing bridges in the local off-system and local on-system categories. While the Governor explained that she is sympathetic to the needs of local road agencies, she underscored that she could not support the diversion of over \$5.9 million from the MDOT's road and bridge construction program at this time. She remains committed, however, to looking at alternatives that will address local critical bridges needs in the future.

The Governor's other vetoes in the budget were projects added by the Legislature that were not included in the five-year road and bridge program, nor are they included among the 17 projects reinstated in accordance with the agreement mentioned above. The Governor believes that these projects undermine the authority of the State Transportation Commission to prioritize projects based on objective criteria of need.

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